# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

# FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the fiscal year ended December 31, 2006**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the transition period from to**

**COMMISSION FILE NUMBER 001-32432**
**333-88168**

# SYNIVERSE HOLDINGS, INC.
# SYNIVERSE TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **30-0041666** |
| **Delaware** | **06-1262301** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**8125 Highwoods Palm Way**
**Tampa, Florida 33647**
(Address of principal executive office)
(Zip code)

**(813) 637-5000**
(Registrant's telephone number, including area code)

**Securities registered pursuant to section 12(b) of the Exchange Act:**

| Title of each class | Name of each exchange on which registered |
|---|---|
| Syniverse Holdings, Inc. Common Stock, $0.001 per share | New York Stock Exchange |

**Securities registered pursuant to section 12(g) of the Exchange Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

| | |
|---|---|
| Syniverse Holdings, Inc. | Yes ☒ No ☐ |
| Syniverse Technologies, Inc. | Yes ☐ No ☒ |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2006, the last business day of the Registrants' most recently completed second fiscal quarter, the aggregate market value of their common equity held by non-affiliates was $365,039,294, based on the closing sales price as reported on the New York Stock Exchange. This calculation of market value has been made for the purposes of this report only and should not be considered as an admission or conclusion by the Registrants that any person is in fact an affiliate of the Registrants.

As of March 7, 2007, there were 68,029,658 shares of Syniverse Holdings, Inc.'s $0.001 par value common stock outstanding. As of March 7, 2007, there were 2,000 shares of Syniverse Technologies, Inc.'s no par value common stock outstanding, all of which are owned of record by Syniverse Holdings, Inc.

**Documents Incorporated by Reference**

The information called for by Part III is incorporated by reference to the definitive proxy statement for the registrant's 2007 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2006.

**SYNIVERSE HOLDINGS, INC.**
**SYNIVERSE TECHNOLOGIES, INC.**
**FORM 10-K**
**FOR THE YEAR ENDED DECEMBER 31, 2006**
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## PART I

## ITEM 1. BUSINESS

### OUR HISTORY

We have been a leading provider of mission-critical technology services to wireless telecommunications companies worldwide for 20 years. We were founded in 1987 as GTE Telecommunication Services Inc., a unit of GTE, to address the industry-wide need for inter-carrier wireless roaming telephone service. As the wireless industry has grown, we have continuously enhanced and extended our service offerings to meet the evolving technology service requirements of the telecommunications industry.

In early 2000, GTE combined our business with its Intelligent Network Services business, a leading Signaling System 7 ("SS7") network and intelligent network database provider. This combination further enhanced our services suite to include national SS7 signaling and intelligent network database management capabilities. In June 2000, GTE and Bell Atlantic merged to form Verizon Communications. As a result of this transaction, we became an indirect, wholly owned subsidiary of Verizon Communications.

In February 2002, we were acquired by certain members of our senior management team and an investor group led by GTCR Golder Rauner, LLC ("GTCR"). Following the acquisition, we became an independent corporate entity separate from Verizon. Syniverse Holdings, Inc. was a wholly owned subsidiary of Syniverse Holdings, LLC, which was the ultimate parent of the consolidated group of Syniverse entities. In connection with our initial public offering in February 2005, Syniverse Holdings, LLC distributed all of the shares of Class A cumulative redeemable convertible preferred stock and common stock of Syniverse Holdings, Inc. that it owned to its members and subsequently dissolved. Following this dissolution and distribution, Syniverse Holdings, Inc. became the ultimate parent of the consolidated group of Syniverse entities.

Since our acquisition from Verizon, our management team has implemented a number of significant changes in our business to improve our performance and market position. These changes include:

- **Established a global, customer-centric sales organization.** Following the acquisition, management refocused and restructured the sales organization to be more customer-centric. Management established domestic and international sales offices in key markets to improve customer service levels and generate new sales opportunities. These offices were staffed with local sales professionals with extensive in-region industry experience. In February 2003, we opened our European headquarters in The Netherlands, which has greatly increased exposure for our products and services in Europe and has resulted in agreements to extend the reach of our network services to include international signaling. We secured our first roaming clearinghouse contracts with major European wireless carriers. We opened our Asia Pacific headquarters in Hong Kong to strengthen and extend our existing relationships with wireless carriers throughout the Asia Pacific region. We continue to increase our global presence with additional sales offices located in strategic markets around the world.
- **Upgraded and expanded our network to improve service levels and redundancy.** At the time of the acquisition, our network lacked geographic breadth, carrier-grade redundancy and service reliability. To respond to this problem, the management team began a phased network improvement program which included network redesign, hardware upgrades and geographic expansion. The upgrades have resulted in a highly reliable and redundant network that provides high levels of service to telecommunication carriers.
- **Refocused development efforts on near-term technology service opportunities.** Following the acquisition, management refocused business development and research efforts on emerging technology service opportunities with near-term market acceptance and revenue potential. Our ability to identify and develop a leading wireless local number portability solution to meet the federal wireless local

number portability ("WLNP") mandate is one example of this refocused strategy. These new business development efforts have resulted in the commercial introduction of a variety of new products, particularly in the area of mobile data.

- **Pursued opportunistic acquisitions.** We have made several strategic acquisitions since February 2002. In July 2003, we merged with Brience, Inc.(Brience), a developer of information access and integration software products to large enterprises. In December 2003, we acquired Softwright Holdings Limited, a United Kingdom-based provider of mobile number portability solutions. In September 2004, we acquired the IOS North America division of EDS, a provider of wireless clearinghouse services in North America and successfully integrated them into our existing business. In June 2006, we acquired the capital stock of Perfect Profits International (PPIL), which comprises the Interactive Technologies Holdings Limited business (ITHL). Headquartered in Hong Kong, ITHL is a leading provider of value-added services to carriers in the Asia Pacific region.

Today, we offer a comprehensive suite of technology interoperability services, network services, number portability services, call processing services and enterprise solutions to telecommunications service providers worldwide. Many carriers depend on our integrated suite of services to solve their most complex technology-driven operational challenges and to facilitate the rapid deployment of next generation wireless services.

**Overview**

We are a leading provider of mission-critical technology services to wireless telecommunications companies worldwide. Our mission-critical technology services solve technical and operational challenges for the wireless industry by translating otherwise incompatible communication standards and protocols and simplifying carrier interconnectivity allowing seamless communications and facilitating advanced services. Our fully-integrated suite of transaction-based services allows carriers to deliver seamless voice, data and next generation services to wireless subscribers, including roaming, Short Message Service ("SMS"), Multimedia Messaging Services ("MMS"), caller ID, number portability and wireless video services. We currently provide our services to more than 350 carriers in over 50 countries. For 20 years, we have served a critical and central role as one of the wireless industry's only carrier-neutral intermediaries and continue to develop innovative solutions to solve the challenges that arise as new technologies, standards and protocols emerge.

Demand for our services is driven primarily by wireless voice and data traffic, subscriber roaming activity, SMS and MMS messaging and number porting. The global wireless telecommunications industry is expected to grow due to continued subscriber growth, increased usage and deployment of new services. In addition, subscriber adoption of new wireless technologies and services can also drive demand for our services due to the resulting increase in interoperability complexities. The global wireless industry relies on an extensive and complex set of communication standards, technical protocols, network interfaces and systems that must successfully communicate with one another in order to provide voice and data services to subscribers in their local markets and when roaming. The proliferation of these standards has resulted in technological incompatibilities, which are increasingly difficult to manage as new wireless technologies and services are introduced and deployed. We believe that as wireless usage expands and complexity continues to increase, the demand for our services will grow.

We have developed a broad set of innovative interoperability solutions in response to the evolving needs of our customers. Through our integrated suite of services, we enable carriers to provide their customers with enhanced wireless services including:

- national and international wireless voice and data roaming;
- wireless data services, including SMS and MMS, across incompatible standards and protocols;
- intelligent network services such as wireless number portability and advanced IP service offerings; and
- Interactive video, prepaid applications and value-added roaming services.

Our service platforms also enable carriers to rapidly and cost-effectively deploy next-generation wireless services including enhanced wireless data, wireless Voice-over-Internet Protocol ("VoIP") and wireless video.

We provide these services to telecommunications carriers globally, including the ten largest U.S. wireless carriers and seven of the ten largest international wireless carriers. Domestically, we have long-standing relationships with many leading carriers, including Cingular Wireless, Sprint, T-Mobile USA and Verizon Wireless. We also serve over 100 international carriers outside North America, including Vodafone, SFR, Telefonica, TelCel, Telstra, Telia Sonera, China Unicom, KDDI and SK Telecom. For the year ended December 31, 2006, 22.6% of our total revenue was generated outside North America, an increase of 63% over 2005, mostly due to our recent acquisition of Hong Kong based ITHL and increasing sales to new and existing global customers. We expect this trend to continue in 2007.

We generate the majority of our revenue on a per-transaction basis, and often receive revenue from multiple transactions during a single call or data session. The remainder of our revenue is generated from custom software development fees, hardware sales, professional services, and recurring, non-transaction fees for network connections and software maintenance. Demand for our services is driven primarily by wireless voice and data traffic, subscriber roaming activity, SMS and MMS messaging and number porting.

Our total revenues for the year ended December 31, 2005 were $341.8 million and $337.0 million for the year ended December 31, 2006. Our net income was $9.8 million and $89.7 million, an increase of 815.2%, and our net income applicable to common stockholders was $5.6 million and $89.7 million, an increase of 1,499.6%, for the same periods, respectively.

We have built our reputation over the past 20 years by designing comprehensive solutions that solve wireless industry technology complexities. Our integrated suite of services includes:

- **Technology Interoperability Services.** We operate the largest wireless clearinghouse in the world, which enables the accurate invoicing and settlement of domestic and international wireless roaming telephone calls and wireless data events. We also provide SMS, MMS and instant messaging routing and translation services between carriers. In addition, we have expanded our mobile data solutions to include interactive video and mobile broadband solutions, prepaid applications and value-added roaming services through our recent acquisition of ITHL. For the year ended December 31, 2006, we generated $138.7 million of revenues in Technology Interoperability Services, which represented 41.1% of our total revenues for that period.
- **Network Services.** Through our Signaling System 7 ("SS7") network, we connect disparate wireless carrier networks, enable access to intelligent network database services such as caller ID and provide translation and routing services to support the delivery and establishment of telephone calls. Additionally, through our IP service offerings, we establish and manage connectivity between wireless networks to facilitate wireless data roaming and interconnect voice service providers. For the year ended December 31, 2006, we generated $124.8 million of revenues in Network Services, which represented 37.0% of our total revenues for that period.
- **Number Portability Services.** Our mobile number portability ("MNP") services are used by nearly all wireless carriers in the United States to enable wireless subscribers to keep their existing telephone numbers when changing service providers. These services are also under implementation in Canada. We manage the validation and routing of inter-carrier communications for porting subscribers, and provide the updated information into the national database. As MNP is being mandated in other countries, we can provide both the porting and database administration as a bundled offering. For the year ended December 31, 2006, we generated $28.8 million of revenues in Number Portability Services, which represented 8.5% of our total revenues for that period.
- **Call Processing Services.** We provide a suite of signaling services to facilitate international calling and roaming that enable simplified routing and resolve numbering and messaging conflicts due to differing protocols across various countries. We also provide several other services, including fraud

management. For the year ended December 31, 2006, we generated $29.3 million of revenues in Call Processing Services, which represented 8.7% of our total revenues for that period.

- **Enterprise Solutions.** Our enterprise wireless data management platform allows carriers to offer large corporate customers reporting and analysis tools to manage telecom-related expenses. For the year ended December 31, 2006, we generated $7.3 million of revenues in Enterprise Solutions, which represented 2.2% of our total revenues for that period.

We also provide our customers with the ability to connect to various third-party intelligent network database providers. These providers charge us a per-transaction fee for access to their databases, which we pass on to our customers with little or no margin. We refer to these fees as "Off-Network Database Query Fees." For the year ended December 31, 2006, we generated $8.2 million of revenues in Off-Network Database Query Fees, which represented 2.4% of our total revenues for that period.

***Industry Summary***

The global wireless industry has grown significantly since its inception as wireless services have become increasingly available and affordable. According to CTIA—The Wireless Association, the U.S. wireless industry has grown from an estimated total subscriber base of 97.0 million in 2000 to 219.4 million by mid-year 2006, a 126% increase. CTIA also reported that twelve-month total wireless service revenues grew from $45.3 billion in 2000 to $118.3 billion in 2006, a 161% increase. Additionally, reported wireless minutes of use grew in the United States 30.1% year-over-year, from 516.1 billion minutes of use in June 2004 to 675.1 billion in June 2006. This expanding subscriber base and corresponding growth in industry revenues has been driven by improved service quality, greater national and international wireless roaming coverage, decreased pricing and the introduction of new messaging, wireless data and content services.

On a global basis, similar trends have been cited by The Yankee Group, a technology research and consulting firm. According to a Yankee Group forecast,

- Worldwide wireless operator service revenue will surpass $698 billion by 2009. Data services will account for slightly more than 21% of the total.
- Total registered cellular lines will reach 2.8 billion in 2009, representing a unique user base of nearly 2.4 billion individuals.
- Text messaging revenue will top $36 billion in 2009. Ringtone revenue to carriers and content providers will reach almost $28 billion.

Additionally, Yankee Group forecasted penetration of unique users to reach 36% by 2009. The study encompassed a wide spectrum, from Europe and North America at the high end with 80% and 77.5%, respectively, and Asia Pacific and Middle East/Africa at the low end, with 30% and 19.9% penetration, respectively.

Wireless industry growth has been accompanied by a steady introduction of new and often incompatible wireless technologies. This has resulted in the proliferation of different network architectures, including various mobile switch types (such as those manufactured by Lucent, Nortel, Ericsson and Motorola), diverse signaling standards (such as Code Division Multiple Access ("CDMA"), Time Division Multiple Access ("TDMA"), Global System for Mobile Communication ("GSM"), Integrated Digital Enhanced Network ("iDEN") and Wi-Fi, distinct billing record formats (such as Cellular Intercarrier Billing Exchange Record ("CIBER"), Transferred Account Procedure ("TAP") and Remote Authentication Dial-In User Service ("RADIUS")) and multiple network protocols (such as X.25, Frame Relay, SS7 and Internet Protocol). This has created significant technological incompatibilities and operational challenges for wireless carriers.

As a result, many wireless carriers utilize third-party technology services providers like us to:

- serve as a trusted intermediary for proprietary data exchange between competitive wireless carriers;

- provide centralized, single point connectivity to the systems and networks of multiple carriers;
- enable communication between new and legacy carrier systems by resolving incompatibilities associated with geographic and carrier variations in communication protocols;
- simplify the operational challenges associated with carrier differences in the timing of new technology deployment;
- offer access to a range of intelligent network database services required for enhanced wireless services; and
- rapidly develop new solutions to meet emerging wireless industry technology complexities and to support next generation services such as wireless data content and VoIP.

***Market Opportunity***

We expect the technology complexities and operational challenges faced by wireless carriers to continue to grow as the wireless industry evolves. These complexities and challenges are driven by a variety of wireless industry trends including the growth in the number of wireless telephone subscribers, the volume of wireless roaming telephone calls and the growing volume of SMS and MMS messages. In addition, the emergence of next-generation wireless and wireline communication services such as VoIP, future government mandated changes and new applications for existing communications services will drive future industry growth.

*Technology Interoperability Services*

The proliferation of incompatible wireless communication protocols, messaging/data formats and billing standards has made it increasingly difficult for carriers to connect systems and networks and to share the information required to offer seamless global wireless voice and data services to subscribers. Technology service providers solve these interoperability problems by offering wireless roaming clearinghouse services, SMS and MMS messaging translation and routing services, and wireless data roaming facilitation and clearinghouse solutions to support emerging mobile data and premium content services.

Clearinghouses translate various network, signaling and billing protocols to allow different wireless carriers to offer and be compensated for roaming services. These wireless clearinghouses serve as trusted third parties for the collection, translation and distribution of the information required to monitor and invoice voice services provided by one carrier to numerous other carriers' customers. Demand for clearinghouse services is primarily driven by the number of domestic and international wireless roaming telephone calls. We expect that increased roaming traffic volumes will drive incremental technology interoperability and clearinghouse transaction volumes for the industry.

The growth of SMS and MMS messaging is also driving significant operational challenges for wireless carriers. Cross-carrier SMS messaging and MMS messaging requires extensive network connectivity and complex message protocol conversion between wireless carriers. Carrier-grade message translation and routing are critical to wireless carriers who increasingly rely on messaging services to drive incremental revenue growth and to improve customer retention.

International Data Corporation ("IDC"), in its 2005 to 2009 market analysis of the U.S. Wireless SMS, instant messaging and MMS messaging markets, reports strong growth. The group forecasts total wireless messages exchanged to increase from 54.6 billion in 2004 to 387.9 billion in 2009 as messaging adoption and usage continues to grow. Messaging revenue is forecast to grow from $2.7 billion to $7.5 billion over the same period.

The emergence of mobile data and premium content services are also driving carrier demand for clearinghouse services, translation services and roaming facilitation services. This growth has been and will continue to be supported by the deployment of next generation wireless data networks. We believe the increased wireless data roaming and growing demand for premium content will drive the need for wireless data clearinghouse services that simplify network connectivity and the exchange of invoicing data between multiple carriers.

*Network Services*

SS7 networks are a core element of today's telecommunications infrastructure. SS7 is the telecommunications industry's standard network signaling protocol used by substantially all carriers to enable the setup and delivery of telephone calls and to offer enhanced calling features like caller ID. Outsourced network services provide carriers cost effective, single point connectivity to an SS7 network, other widely used communication networks and critical databases. As a result, carriers avoid the cost and complexity of managing individual network connections to multiple carriers, eliminate the expense of licensing and maintaining intelligent network databases and reduce the need for building capital-intensive network infrastructure. Drivers of network services include wireless subscriber growth, wireless roaming call volume growth, and SMS messaging volume growth. In addition, we also expect wireline subscriber growth and the emergence of new services to drive demand for network services.

Demand for SS7-based signaling and associated database applications is growing. Continued wireless subscriber growth and call volume growth are expected to drive increased SS7 signaling revenues. SS7 signaling also provides carriers access to a variety of intelligent network services such as database applications (caller ID, 800 service and local number portability).

In addition, wireless data roaming requires carriers to support packet-switched, Internet Protocol-based communications protocols including General Packet Radio Service ("GPRS") and 1xRTT (technology designed to double voice capacity and support faster data transmission). Technology service providers support wireless data roaming services and enable subscribers to access their home wireless data services (such as public Internet, corporate intranets, e-mail and m-commerce) while abroad or beyond the reach of their home network. The emergence of Internet Protocol-based signaling solutions and database services associated with VoIP will also require network, routing and translation services to communicate with legacy networks. VoIP offers traditional voice telephone services but at a significantly lower cost by bypassing the traditional telephone network.

*Number Portability Services*

In 1996, the Federal Trade Commission ("FCC") mandated WLNP to encourage competition by permitting wireless subscribers to change carriers while retaining their current telephone numbers. In 2005, Canadian regulators also mandated wireless number portability. To facilitate the portability of wireless telephone numbers, carriers exchange information with other carriers and transmit information to regional number portability databases in order to support call routing. Implementation of WLNP services impacts nearly every system within carrier operations including network signaling and routing, switching, billing, point of sale and customer care.

Technology service providers enable wireless carriers to implement WLNP services to their customers by streamlining the ordering and communication processes that organize, prioritize and route WLNP transactions between wireless carriers and industry databases. These services must be able to route and track the multiple transactions involved in porting numbers between service providers, identify and facilitate problem resolution, manage the unique challenges of porting between wireline and wireless carriers, and interface to carriers who have chosen less automated porting solutions.

Following the introduction of WLNP, the wireless industry experienced rapid consumer adoption resulting in over six million telephone numbers ported in the first year. We expect the drivers of WLNP services demand will be continued carrier competition, greater customer awareness and increased regulatory focus, and adoption of WLNP services in other countries around the world.

*Call Processing Services*

Call processing solutions support the proper authentication, handling and routing of telephone calls in order to reduce fraud and to allow wireless subscribers to make and accept telephone calls while roaming on another carrier's network. Although wireless subscriber fraud has declined as carriers increasingly utilize SS7 functionality, international wireless roaming growth is causing new telephone call routing and delivery complexities for carriers. Due to geographic and carrier differences in subscriber verification, call delivery and signaling network protocols, these services require extensive data management capabilities.

Drivers of call processing demand include international wireless subscriber growth, international wireless roaming call volume growth and ongoing subscriber issues. Carriers are increasingly using SS7 networks to replace traditional call processing functionality and to address wireless subscriber fraud issues.

## Products and Services

We offer an integrated suite of services to wireless telecommunications carriers that meet the evolving technology requirements of the wireless industry. These services include technology interoperability, network, wireless number portability, call processing and enterprise solutions.

***Technology Interoperability Services***

We operate the largest wireless clearinghouse in the world. Our clearinghouse services enable the accurate invoicing and settlement of domestic and international wireless roaming telephone calls. We are a trusted intermediary and primary connection point between hundreds of wireless carriers. We also provide services that support the routing and delivery of SMS, MMS and other messaging formats between different wireless carrier networks. In addition, we provide roaming facilitation services that enable seamless domestic and international wireless voice and data services. We generate the majority of our revenues by charging per-transaction processing fees. Our Technology Interoperability Services include:

- **Clearinghouse Services**—We process and exchange proprietary subscriber roaming usage data on a secure and confidential basis to support financial settlement between wireless carriers. Our clearinghouse services support multiple billing formats including TAP for GSM carriers and CIBER for TDMA and CDMA carriers. We also support RADIUS and IPDR formats for wireless data transactions including messaging, m-commerce, content, and location-based applications. Carriers use our solutions to access custom, on-line reports providing business intelligence, trends, and daily and monthly summaries of key data. Carriers use these reports to track their net financial positions with their roaming partners.
- **Messaging Services**—Our messaging services reliably translate, route and deliver SMS, MMS and other message formats across disparate carrier networks. We accomplish this by mapping a message to a phone number, determining the appropriate carrier, routing the message accurately and resolving incompatibility issues among CDMA, TDMA and GSM carriers. Messages may be initiated peer to peer between wireless subscribers, originated from premium content providers or broadcast by an enterprise or community alerting application. Our services can deliver messages domestically and internationally to multiple devices and platforms.
- **Roaming Facilitation**—Our roaming facilitation capabilities allow wireless subscribers to receive voice and data services while roaming on another carrier's network, regardless of differing technology standards. We simplify interstandard and international voice roaming by providing carriers with subscriber call origination, automatic call delivery and subscriber invoicing data. In addition, we offer value-added services to carriers to improve the subscribers' experience while increasing the carriers' roaming revenues.
- **Mobile Data Services**—Our mobile data services include interactive video services and mobile broadband solutions. These services provide carriers with the ability to manage and control their data

networks while improving the type and quality of service their subscribers receive. Additionally, we provide advanced video services that take advantage of 3G video telephony technology allowing carriers to add high revenue services to attract subscribers to their new 3G networks.

*Network Services*

We interconnect wireless carriers through our SS7 network to a suite of intelligent database services and provide wireless and wireline call signaling services. Our intelligent database services include caller ID, local number portability, line information database and toll-free number routing. Carriers also use our SS7 signaling solutions to set-up, translate and route wireless telephone calls both domestically and internationally. We also provide carriers cost-effective, single-point connectivity to other widely used communication networks (such as X.25, Frame Relay and Internet Protocol) to support wireless voice, SMS messaging, MMS messaging, VoIP and data roaming services.

By operating one of the largest independent SS7 networks, we provide our customers access to substantially the entire U.S. public-switched telecommunications network, global connectivity, carrier-grade reliability and intelligent network services. Our network architecture provides a robust, reliable, and highly redundant signaling platform. In addition, our intelligent network databases also permit carriers to offer value-added calling features to their customers.

Our primary network services include intelligent network database services, SS7 network services, network connectivity services and international mobile number portability. We generate revenues from these services primarily by charging per-transaction processing fees, circuit fees, port fees and software license fees.

- **SS7 Network Services**—We operate one of the largest independent SS7 networks in the United States. Our SS7 network supports the call set-up, routing and delivery of wireless and wireline telephone calls and supports access to intelligent network database services. Our international signaling gateway for wireless carriers and other network providers translates between the predominant North American signaling standard (American National Standards Institute SS7) and other global signaling standards such as International Telecommunications Union C7. We also provide wireless carriers with valuable network analysis tools that monitor subscriber activity.
- **Network Connectivity Services**—Our network connectivity services provide wireless carriers cost-effective single-point connectivity to many widely used communication networks such as X.25, Frame Relay and Internet Protocol. We manage network circuits that interconnect carriers' cell sites and switches across local and regional boundaries. We also provide a suite of services that enables subscribers to have seamless access to their home carriers' General Packet Radio Service (GPRS) or 1x-RTT (CDMA) data network while roaming both nationally and internationally. This Internet Protocol based virtual private network offers secure access to home based e-commerce, public Internet, corporate intranets and e-mail systems to roaming subscribers.
- **Intelligent Network Database Services**—Our intelligent network database services enable carriers to offer enhanced services and features to subscribers. Our caller ID service provides access to calling name databases, allowing carriers to query regional Bell operating companies and other major independent telephone carriers to reduce the "name not available" messages that subscribers receive. We also manage and operate a database for storage of calling name records. We provide access to all U.S. regional number portability databases to support call routing to subscribers who have ported their telephone number to a different service provider. We also access databases that provide routing for toll free numbers. We access line information databases to provide enhanced services such as validating telephone numbers, billing information and calling card data.
- **International Mobile Number Portability**—Our international mobile number portability services streamline the porting process for mobile operators by providing a centralized reference database and carrier communication solutions for non-U.S.-based carriers.

*Number Portability Services*

We are the leading provider of wireless local number portability services to U.S. carriers and expect to offer similar services to all Canadian carriers in the first quarter of 2007. These services enable wireless subscribers to switch carriers while keeping the same telephone number. As WLNP-related technology and operational complexities were identified, we developed solutions that facilitate the exchange of information between carriers and transmit information to regional industry databases. These services route and track the multiple transactions involved in porting numbers between service providers and identify and facilitate problem resolution when porting transactions are not successful. These services also manage the unique challenges of porting numbers between wireless and wireline carriers and from carriers who have chosen to manually process porting transactions.

Our primary wireless local number portability solutions include transaction processing services and port center services. We generate revenues from these services primarily by charging per-transaction processing fees, software license fees and resource management fees.

Our WLNP transaction processing services enable the intercarrier communications required to port telephone numbers between wireless carriers and to streamline the ordering and communication process to regional industry databases that track number ownership. We also enable wireless carriers to exchange ported telephone numbers and associated messages with wireline carriers.

*Call Processing Services*

We provide global call handling and fraud management solutions that enable wireless subscribers from one carrier to make and receive telephone calls while roaming on another carrier's network. We support international roaming by connecting wireless carriers and by resolving geographic and carrier differences in subscriber verification, call delivery and signaling network protocols. We also offer wireless carriers comprehensive fraud detection and fraud prevention services.

We developed many of the wireless industry's first and leading solutions for wireless subscriber verification, call processing and technical fraud detection and prevention. For a wireless subscriber to receive service while roaming on another carrier's network, the subscriber's home carrier must validate the subscriber as an authorized subscriber. We have addressed these subscriber authentication and call delivery complexities by developing solutions that translate and convert various network and signaling protocols. Our comprehensive, integrated fraud management solutions employ advanced technologies to provide flexible, efficient fraud detection and fraud prevention, regardless of switch type, software release version or industry standard. Our integrated service offerings provide a total authentication solution and comprehensive protection for subscribers.

Our primary call processing services include signaling solutions and fraud prevention services. We generate revenues from these services primarily by charging per-transaction processing fees.

- **Signaling Solutions**—Our services verify a subscriber's eligibility to receive service while roaming in another carrier's market. Our signaling solutions also resolve conflicting international numbering plans and overlapping system identifiers to allow subscribers to roam when the visited service provider may not normally recognize the subscriber.
- **Fraud Prevention Services**—We provide multiple services to carriers to minimize the financial losses associated with subscriber fraud. Our fraud profiling solutions collect usage data from mobile switches to create a unique profile for each subscriber based upon the subscriber's call activity. We continually compare subscriber calling activity to subscriber specific usage profiles, identify fraudulent activity and, when appropriate, suspend the subscriber accounts. We provide these services as a software license or in a service bureau environment. We also provide key management services that exchange authentication keys between carriers and multiple wireless equipment manufacturers. Authentication keys are used by wireless carriers to verify the identity of subscribers and prevent handset fraud.

*Enterprise Solutions*

We enable wireless carriers to offer billing consolidation and data management services to large enterprise customers. Our solution consolidates customer usage data onto one invoice and offers robust online reporting and analysis tools that enable enterprise customers to manage their telecommunications-related costs. We generate revenues from this service on a per-account processing fee.

**Customers**

We serve more than 350 telecommunications service providers in over 50 North American, Central and Latin American, Asia Pacific and European, Middle East and African countries. We serve the ten largest U.S. wireless carriers including Cingular Wireless, Sprint/Nextel, T-Mobile USA and Verizon Wireless. We also serve seven of the ten largest international wireless carriers in Latin America, Asia Pacific and Europe. These customers include America Moviles, China Unicom, KDDI, Telia Sonera, Vodafone and SK Telecom. We believe that maintaining strong relationships with our customers is one of our core competencies and that maintaining these relationships is critical to our success.

Our top ten customers accounted for approximately 51.2% of our revenues for the year ended December 31, 2006. Verizon Communications, Verizon Wireless and their affiliates, which collectively is our largest customer, accounted for approximately 17.6%, 16.7%, and 20.3%, of our revenues for the years ended December 31, 2006, 2005 and 2004, respectively. The percentage of our revenues derived from customers outside the United States was 22.6%, 13.9% and 11.4% for the same periods, respectively.

**Competitive Strengths**

We believe that the following strengths differentiate us in the marketplace:

- **Comprehensive suite of services makes us a leading provider of mission-critical services to wireless carriers.** We believe that we offer the most comprehensive and advanced suite of integrated technology services to the wireless telecommunications industry. We believe that our established carrier relationships, the mission-critical nature of our services and our track record of performance have made us the technology services provider of choice for many of our customers.
- **Transaction-based business model with recurring revenues and strong operating cash flows.** The majority of our revenues are transaction-based and we have long-term contracts with most of our customers. We have had historical success in customer retention, growth in transaction volumes and our ability to leverage our existing technology platforms to serve additional customers and to offer new services. Our business model enables us to generate a high level of recurring revenues and strong operating cash flows to support debt reduction, acquisitions and other strategic activities.
- **Proven track record of technology innovation.** We believe that we are a leader in developing comprehensive solutions that meet wireless carriers' evolving technology interoperability, network and call processing needs. We have built our business and reputation through a history of innovation that includes the following achievements:
  - we were the first to deploy an automatic roaming call delivery service (Follow Me Roaming);
  - we were the first to provide a commercial fraud profiler (CloneDetector/FraudX) to most of the major U.S. carriers;
  - we were the first to provide seamless international interstandard roaming services (GlobalRoam/UniRoam);
  - our engineers developed the original technology supporting the OnStar application for a major wireless carrier;
  - we offer the industry's most comprehensive suite of WLNP services; and

    - we are the industry's leading provider of CDMA data roaming services.

- **Positioned to capitalize on emerging communications technologies.** We believe that we are positioned to capitalize on the complexity of emerging communications technologies by leveraging our proven development track record and close customer relationships. We are currently pursuing opportunities in messaging, mobile data content, and VoIP. Our accomplishments in these areas include having been selected by the members of CTIA to be the principal messaging platform for the national Wireless AMBER Alert program sponsored by The Wireless Foundation.
- **Role as an independent, trusted intermediary provides enhanced market access.** Our position as a neutral point of proprietary data exchange between wireless carriers affords us several compelling benefits. Carriers recognize that, unlike some of our competitors, we do not compete for their subscribers. This independence permits us to support our customers' most critical operations. We believe that this market position provides us a unique ability to collaborate with our customers on new product development and enables us to more effectively anticipate, identify and address the evolving requirements of the global wireless industry.
- **Extensive and collaborative customer relationships.** We provide our services to over 350 telecommunications carriers in over 50 countries, including the ten largest U.S. wireless carriers and seven of the ten largest wireless international carriers. We have a highly active and respected customer users' group that is tightly integrated into the development processes of our company. This group has played a significant role in the continued development, enhancement and evolution of our services.
- **Experienced senior management team with strong customer relationships.** The members of our senior management team average 20 years of industry experience. This experience has enabled us to develop strong relationships with our customers. In addition, our management team has successfully executed our business plan since we were acquired from Verizon in February 2002.

**Growth Strategy**

In order to strengthen our market leadership position, enhance growth and maximize profitability, we intend to:

- **Continue to expand internationally.** We are aggressively pursuing global expansion opportunities in key new markets. We have continued to expand our sales and support offices in Europe, the Middle East and Asia Pacific. This expansion has helped us sign contracts with leading carriers in many countries including the UK, France, China, Italy and India. In 2006, 18.5% of our revenue (excluding off-network database query fees) was generated outside North America compared to 9.9% in 2005. We expect the percentage of our revenue generated outside North America to increase due to our recent acquisition of ITHL and increasing sales to new and existing global customers.
- **Capitalize on growth in wireless data services.** We expect to further capitalize on the growth in wireless messaging, content and video traffic. We currently provide technology interoperability and network services solutions that enable the seamless transmission, delivery and billing of wireless data services between carriers. As wireless data usage increases, we expect demand for our services to grow. In addition, we expect to continue to develop new innovative services as new wireless data formats, protocols and standards are deployed by the wireless industry.
- **Continue to broaden our services suite and develop new customer solutions.** We believe that we are well positioned to develop innovative services that solve complexities associated with new market participants and new technologies. In addition, we are currently launching next-generation services with existing customers, including VoIP, IP-to-wireless carrier interconnectivity and video peering.
- **Further penetrate our existing customer base.** We have been successful at selling new services to our existing customers. For example, we have signed contracts with over 30 CDMA carriers to enable worldwide roaming for their data subscribers. We intend to continue to sell incremental services to our existing customers to further diversify our revenue and increase per-customer revenues.

- **Pursue strategic acquisitions.** We continue to seek opportunities to acquire businesses that expand our range of services, provide opportunities to increase our customer base and enter new geographies. For example, in June 2006, we acquired ITHL, a leading provider of value-added services to carriers in the Asia Pacific region. In September 2004, we acquired the North American wireless clearinghouse business of Electronic Data Systems.

### Sales and Marketing

As of December 31, 2006, our Sales and Marketing organizations included 107 people who work together to identify and address customer needs and concerns, deliver comprehensive services, develop a clear and consistent corporate image and offer a comprehensive customer support system. Our sales and marketing strategy is designed to give customers efficient, courteous and expert advice on a timely basis.

- **Sales.** Our sales department is geographically diverse and globally focused to better serve the needs of existing customers and to identify new opportunities more quickly. Sales directors are organized geographically with international offices responsible for North America, Latin America, Asia Pacific and Europe/Middle East/Africa. Regional sales managers are located throughout the U.S. to serve top tier customers in the Northeast, Northwest, Midwest, Southwest and the Southeast. U.S. account managers are product specialists and work as a team with the regional sales managers and directors to respond to customer needs. Compensation for our sales force is composed of an industry-competitive base salary and a variable component based on sales quota attainment.
- **Marketing.** Our marketing organization is comprised primarily of product managers and marketing services employees. Working with the sales organization, our product managers are responsible for managing the product's positioning throughout the life cycle as well as managing costs and pricing. These responsibilities include developing product plans, specifying product requirements, planning development resources and, if necessary, managing vendor relationships. Each product manager coordinates a cross-functional product team with participants from several functional areas within our organization including sales, technology and operations. These product team participants are responsible for coordinating the execution of the product plan within their functional teams. Marketing services employees work with product managers to determine funding for and coordination of advertising, promotions, media relations, speaking opportunities, trade shows and our users' group.

### Operations and Customer Support

As of December 31, 2006, we had 172 employees dedicated to managing our internal operations and customer support functions.

- **Customer Service, Documentation and Training.** Our Customer Service organization provides "front-line" support for our services to our global customers. New support personnel are recruited for their multi-lingual, interpersonal and customer care skills, and are provided intensive product training prior to accepting direct customer interface responsibility. Our Documentation and Training group publishes the technical documentation accompanying our portfolio of services in multiple languages and also travels nationally and internationally to provide strategic customer training on our services. The group has established world-class training facilities in Tampa, Florida, where it sponsors regular customer and employee program offerings, and has also developed Web-based real-time training that our customers have successfully utilized as a remote training option.
- **Carrier Business Process Outsourcing.** Whenever a carrier chooses to outsource personnel operations to us, it is managed through this organization.
- **Internal Operations Support.** Our Internal Technology Support group manages our internal hardware and software technology program as well as the Local Area Network, Internet, email and departmental servers for our employees. This group is responsible for the Syniverse Solutions Gateway, our system

for customer problem management, and also provides management information software solutions and support that enable efficient operations within our organization. Other internal operations functions include information security, facilities management and disaster recovery. All provide mission-critical support to our employees in achieving strategic objectives and help ensure our ability to continue to serve our customers effectively.

### Technology

As of December 31, 2006, the Technology group was comprised of 304 professionals. This group performs all functions associated with the design, development, testing, implementation and operational support of our services. The Technology group balances technology and business priorities and enhances our ability to deliver timely and cost-effective solutions.

The primary functions of the Technology group include:

- **Product Development and Life Cycle.** These groups deliver new product developments, enhancements and maintenance releases in a timely manner and develops integrated solutions that address customer needs across multiple areas including billing, messaging, decision support and reporting. These groups also constantly monitor technology developments to ensure that we leverage our legacy investments while developing new technologies that provide flexible and cost effective solutions to our customers.
- **Operational Support Services.** These groups provide 24x7 operational support for our products to ensure a high level of service and system availability to our customers. These groups work with the other Technology groups to identify and implement proactive measures to meet our customer commitments.
- **Technology Services.** This group is responsible for maintaining the high overall quality of customer service through centralized testing, system/data base administration and configuration management. This group also works with our vendors on system performance management, capacity planning and system tuning.

### Network Operations

As of December 31, 2006, we had 90 employees dedicated to network provisioning, monitoring and support.

- **Network Operations Center.** We maintain a state-of-the-art Network Operations Center that actively monitors our applications, network and our connections to our customers. Our Network Operations Center provides support both domestically and internationally 24 hours a day, seven days a week, 365 days a year. Our Network Operations Center proactively identifies potential application, operating system, network, switch connectivity and call processing problems. They manage those problems through resolution with customers in conjunction with Inter-Exchange Carriers, Local Exchange Carriers, field engineering, our internal product support and development teams, and vendors.
- **Network Services.** This group designs, develops and supports our SS7 and Internet Protocol-based Intelligent Network Service offerings. They work closely with our other functional departments and vendors to ensure that we are engineering and monitoring cost effective and reliable network solutions which meet our customers' needs.

### Employees

As of December 31, 2006, we had approximately 932 employees, none of whom are represented by a union. We believe our relations with our employees are good.

## Competition

We believe we are the only company that offers an extensive suite of technology interoperability services, network services, number portability services, call processing services and enterprise solutions to telecommunications carriers. However, we compete with a number of U.S. and international companies in specific areas of our business.

- **Technology Interoperability Services.** Our primary competitors in the U.S. technology interoperability market include VeriSign, Billing Services Group ("BSG"), Sybase and MACH. Internationally, our technology interoperability services compete with BSG, Comfone and MACH. Certain wireless carriers also choose to deploy in-house interoperability and billing solutions for clearing internal and affiliate traffic.
- **Network Services.** Our competitors for SS7 network connectivity and intelligent network services include VeriSign, Southern New England Telephone (SNET—a division of AT&T), Transaction Network Services, VNSL and regional Bell operating companies. Wireless and wireline carriers may also choose to deploy and manage their own in-house SS7 networks. Our network services compete with a variety of carriers including Verisign and Aicent in the U.S. and Telia Sonera, Cable & Wireless, Global Crossing, France Telecom, KPNQwest, and Comfone (a subsidiary of Swisscom) internationally.
- **Number Portability Services.** Our primary competitors in the United States for WLNP services are VeriSign, NeuStar and Telcordia. Internationally, primary competitors include Telcordia, Neustar and Accenture as well as several other smaller companies.
- **Call Processing Services.** Our call processing services primarily compete with products from Verisign.
- **Enterprise Solutions.** Certain wireless carriers have developed their own services for enterprise account management.

Competitive factors in the market for our services primarily include breadth and quality of services offered, price, development capability and new product innovation.

## Governmental Regulation

Certain services we offer are subject to regulation by the FCC that could have an indirect effect on our business. In particular, end-user revenues from selected services are used to determine our contribution to the FCC's Universal Service Fund. Additionally, we are registered with certain state utility regulatory commissions to resell private line services. Some of our customers may also be subject to federal or state regulation that could have an indirect effect on our business. We do not offer voice-grade or data services that are deemed to be common carrier telecommunications services.

## Environmental Regulation

We are subject to a broad range of federal, foreign, state and local laws and regulations relating to the pollution and protection of the environment and health and safety, the violation of which could lead to significant fines and penalties. Among the many environmental requirements applicable to us are laws relating to air emission, wastewater discharges and the handling, disposal and release of solid and hazardous substances and wastes. Based on continuing internal review and advice from independent consultants, we believe that we are currently in substantial compliance with applicable environmental requirements.

We could also be subject to laws, such as Comprehensive Environmental Response, Compensation, and Liability Act, that may impose liability retroactively and without fault for releases or threatened releases of hazardous substances at on-site or off-site locations. We are not aware of any material releases for which we are currently liable under the Comprehensive Environmental Response, Compensation, and Liability Act or any other similar environmental or health and safety law.

We do not currently anticipate any material adverse effect on our operations, financial condition or competitive position as a result of our efforts to comply with environmental requirements. Some risk of environmental liability is inherent, however, in the nature of our business, and we cannot assure you that material environmental liabilities will not arise. It is also possible that future developments in environmental regulation could lead to material environmental compliance or cleanup costs.

**Intellectual Property Rights**

We attempt to protect our intellectual property rights in the United States and in foreign countries through a combination of patent, trademark, copyright and trade secret laws, as well as licensing agreements and agreements preventing the unauthorized disclosure and use of our intellectual property. We currently maintain approximately 200 registrations and 100 applications in approximately 50 countries covering over 40 separate and distinct marks; 12 patents and 13 patent applications, several jointly-owned with Verizon Wireless in the United States and in foreign countries; and 33 U.S. Copyright Registrations and 4 pending applications covering numerous software applications. In addition, we maintain certain trade secrets for which, in order to maintain the confidentiality of such trade secrets, we have not sought patent protection.

**Market, Ranking and Other Data**

The data included herein regarding markets and ranking, including the size of certain service markets and our position and the position of our competitors and customers within these markets, is based on independent industry publications, reports from government agencies or other published industry sources and our estimates are based on our management's knowledge and experience in the markets in which we operate. When we rank our customers by size, we base those rankings on the number of subscribers our customers serve. When we describe our market position, we base those descriptions on the number of subscribers serviced by our customers. Our estimates have been based on information obtained from our customers, suppliers, trade and business organizations and other contacts in the markets in which we operate. We believe these estimates to be accurate as of the date of this annual report. However, this information may prove to be inaccurate because of the methods by which we obtain certain data for our estimates, because this information cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in a survey of market size. In addition, the provided market data is not a guaranty of future market characteristics because consumption patterns and consumer preferences can and do change.

## ITEM 1A. RISK FACTORS

**System failures, delays and other problems could harm our reputation and business, cause us to lose customers and expose us to customer liability.**

Our success depends on our ability to provide reliable services to our customers. Our operations could be interrupted by any damage to or failure of:

- our computer software or hardware, or our customers' or suppliers' computer software or hardware;
- our networks, our customers' networks or our suppliers' networks; and
- our connections and outsourced service arrangements with third parties.

Our systems and operations are also vulnerable to damage or interruption from:

- power loss, transmission cable cuts and other telecommunications failures;
- hurricanes, fires, earthquakes, floods and other natural disasters;
- interruption of service due to potential facility migrations;
- computer viruses or software defects;
- physical or electronic break-ins, sabotage, intentional acts of vandalism and similar events; and
- errors by our employees or third-party service providers.

Because many of our services play a mission-critical role for our customers, any damage to or failure of the infrastructure we rely on, including that of our customers and vendors, could disrupt the operation of our network and the provision of our services, result in the loss of current and potential customers and expose us to potential customer liability.

**We depend on a small number of customers for a significant portion of our revenues and the loss of any of our major customers would harm us.**

Our three largest customers for the year ended December 31, 2006 represented approximately 29.8% of our revenues in the aggregate, while our ten largest customers for the year ended December 31, 2006 represented approximately 51.2% of our revenues in the aggregate. For the year ended December 31, 2006, we generated revenues from services provided to Verizon Communications, Verizon Wireless and their affiliates, which collectively is our largest customer, of approximately $59.5 million, or 17.6% of our revenues. No other customer accounted for more than 10% of our revenues for the year ended December 31, 2006. We expect to continue to depend upon a small number of customers for a significant percentage of our revenues. Because our major customers represent such a large part of our business, the loss of any of our major customers would negatively impact our business.

**Most of our customer contracts do not provide for minimum payments at or near our historical levels of revenues from these customers.**

Although some of our customer contracts require our customers to make minimum payments to us, these minimum payments are substantially less than the revenues that we have historically earned from these customers. If our customers decide for any reason not to continue to purchase services from us at current levels or at current prices, to terminate their contracts with us or not to renew their contracts with us, our revenues would decline.

**Future consolidation among our customers may cause us to lose transaction volume and reduce our prices, which would negatively impact our financial performance.**

In the past, consolidation among our customers has caused us to lose transaction volume and to reduce prices. In the future, our transaction volume and pricing may decline for similar reasons. We may not be able to expand our customer base to make up any revenue declines if we lose customers or if our transaction volumes decline. Our attempts to diversify our customer base and reduce our reliance on particular customers may not be successful.

**If we do not adapt to rapid technological change in the telecommunications industry, we could lose customers or market share.**

Our industry is characterized by rapid technological change, frequent new service introductions and changing customer demands. Significant technological changes could make our technology and services obsolete. Our success depends in part on our ability to adapt to our rapidly changing market by continually improving the features, functionality, reliability and responsiveness of our existing services and by successfully developing, introducing and marketing new features, services and applications to meet changing customer needs. We cannot assure you that we will be able to adapt to these challenges or respond successfully or in a cost-effective way to adequately meet them. Our failure to do so would impair our ability to compete, retain customers or maintain our financial performance. We sell our services primarily to telecommunications companies. Our future revenues and profits will depend, in part, on our ability to sell to new market participants.

**The market for our services is intensely competitive and many of our competitors have significant advantages over us.**

We compete in markets that are intensely competitive and rapidly changing. Increased competition could result in fewer customer orders, reduced pricing, reduced gross and operating margins and loss of market share, any of which could harm our business. We face competition from large, well-funded providers of similar services, such as VeriSign, Neustar, Mobile 365 and regional Bell operating companies in North America and Billing Services Group and MACH outside of North America. We also believe that certain customers may choose to internally deploy certain functionality currently provided by our services. In recent years, we have experienced a loss of revenue streams from certain of our services as some of our customers have decided to meet their needs for these services in-house. For example, during the fourth quarter of 2004, we received notice from Sprint of its intention to move number portability error resolution services provided by us to its own internal platforms. This was completed in 2005. We are aware of major Internet service providers, software developers and smaller entrepreneurial companies that are focusing significant resources on developing and marketing services that will compete with the services we offer. We anticipate increased competition in the telecommunications industry and the entrance of new competitors into our business.

We expect that competition will increase in the near term and that our primary long-term competitors may not yet have entered the market. Many of our current and potential competitors have significantly more employees and greater financial, technical, marketing and other resources than we do. Our competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements than we can. In addition, many of our current and potential competitors have greater name recognition and more extensive customer bases that they can use to their advantage.

**Our continued expansion into international markets is subject to uncertainties that could affect our operating results.**

Our growth strategy contemplates continued expansion of our operations into foreign jurisdictions. International operations and business expansion plans are subject to numerous risks, including:

- the difficulty of enforcing agreements and collecting receivables through some foreign legal systems;

- fluctuations in currency exchange rates;
- foreign customers may have longer payment cycles than customers in the U.S.;
- U.S. Department of Commerce export controls;
- tax rates in some foreign countries may exceed those of the U.S. and foreign earnings may be subject to withholdings requirements or the imposition of tariffs, exchange controls or other restrictions;
- general economic and political conditions in the countries where we operate may have an adverse effect on our operations in those countries or not be favorable to our growth strategy;
- unexpected changes in regulatory requirements;
- the difficulties associated with managing a large organization spread throughout various countries;
- the risk that foreign governments may adopt regulations or take other actions that would have a direct or indirect adverse impact on our business and market opportunities; and
- the potential difficulty in enforcing intellectual property rights in certain foreign countries.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. However, any of these factors could result in higher costs or reduced revenues for our international operations.

**The costs and difficulties of acquiring and integrating complementary businesses and technologies could impede our future growth, diminish our competitiveness and harm our operations.**

As part of our growth strategy, we intend to consider acquiring complementary businesses. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt and contingent liabilities and an increase in amortization expense related to identifiable intangible assets acquired, which could harm our business, financial condition and results of operations. Risks we could face with respect to acquisitions include:

- greater than expected costs, management time and effort involved in identifying, completing and integrating acquisitions;
- potential disruption of our ongoing business and difficulty in maintaining our standards, controls, information systems and procedures;
- entering into markets and acquiring technologies in areas in which we have little experience;
- acquiring intellectual property which may be subject to various challenges from others;
- the inability to successfully integrate the services, products and personnel of any acquisition into our operations;
- a need to incur debt, which may reduce our cash available for operations and other uses, or a need to issue equity securities, which may dilute the ownership interests of existing stockholders; and
- realizing little, if any, return on our investment.

**Our failure to achieve or sustain market acceptance at desired pricing levels or transaction volumes could impact our ability to maintain profitability or positive cash flow.**

Competition and industry consolidation have resulted in pricing pressure, which we expect to continue in the future and which we expect to continue to address through our volume-based and service bundling pricing strategy. This pricing pressure could cause large reductions in the selling price of our services. For example, the mergers of Nextel and Sprint, Alltel and Western Wireless, Cingular and AT&T Wireless and other consolidation in the wireless services industry could give our customers increased transaction volume leverage in pricing negotiations. Our competitors or our customers' in-house solutions may also provide services at a lower cost, significantly increasing pricing pressures on us. While historically pricing pressure has been largely offset by volume increases and the introduction of new services, in the future we may not be able to offset the effects of any price reductions.

**The inability of our customers to successfully implement our services could harm our business.**

Significant technical challenges can arise for our customers when they implement our services. Our customers' ability to support the deployment of our services and integrate them successfully within their operations depends, in part, on our customers' technological capabilities and the level of technological complexity involved. Difficulty in deploying those services could increase our customer service support costs, delay the recognition of revenues until the services are implemented and reduce our operating margins.

**Our reliance on third-party providers for communications software, hardware and infrastructure exposes us to a variety of risks we cannot control.**

Our success depends on software, equipment, network connectivity and infrastructure hosting services supplied by our vendors and customers. We cannot assure you that we will be able to continue to purchase the necessary software, equipment and services from these vendors on acceptable terms or at all. If we are unable to maintain current purchasing terms or ensure service availability with these vendors and customers, we may lose customers and experience an increase in costs in seeking alternative supplier services.

Our business also depends upon the capacity, reliability and security of the infrastructure owned and managed by third parties, including our vendors and customers, that is used by our technology interoperability services, network services, number portability services, call processing services and enterprise solutions. We have no control over the operation, quality or maintenance of a significant portion of that infrastructure and whether those third parties will upgrade or improve their software, equipment and services to meet our and our customers' evolving requirements. We depend on these companies to maintain the operational integrity of our services. If one or more of these companies is unable or unwilling to supply or expand its levels of service to us in the future, our operations could be severely interrupted. In addition, rapid changes in the telecommunications industry have led to industry consolidation. This consolidation may cause the availability, pricing and quality of the services we use to vary and could lengthen the amount of time it takes to deliver the services that we use.

**Capacity limits on our network and application platforms may be difficult to project and we may not be able to expand and upgrade our systems to meet increased use.**

As customers' usage of our services increases, we will need to expand and upgrade our network and application platforms. We may not be able to accurately project the rate of increase in usage of our services. In addition, we may not be able to expand and upgrade, in a timely manner, our systems, networks and application platforms to accommodate increased usage of our services. If we do not appropriately expand and upgrade our systems and networks and application platforms, we may lose customers and our operating performance may suffer.

**Financial and operating difficulties in the telecommunications sector may negatively affect our customers and our company.**

Historically, the telecommunications sector has experienced significant challenges resulting in excess capacity, poor operating results and financing difficulties. Because we operate in the telecommunications sector, we may also be negatively impacted. While the sector has recently improved, some of our customers continue to have uncertain financial conditions. The impact of these conditions on us could include slower collections on accounts receivable, higher bad debt expense, uncertainties due to possible customer bankruptcies, lower pricing on new customer contracts, lower revenues due to lower usage by the end customer and possible consolidation among our customers, which will put our customers and operating performance at risk.

**We may need additional capital in the future and it may not be available on acceptable terms.**

We may require more capital in the future to:

- fund our operations;
- enhance and expand the range of services we offer;
- maintain and expand our network; and
- respond to competitive pressures and potential strategic opportunities, such as investments, acquisitions and international expansion.

We cannot assure you that additional financing will be available on terms favorable to us, or at all. The terms of available financing may place limits on our financial and operating flexibility. In addition, our senior credit facility contains, and the indenture governing our 7¾% senior subordinated notes due 2013 contains financial and other restrictive covenants that will limit our ability to incur indebtedness or obtain financing. If adequate funds are not available on acceptable terms, we may be forced to reduce our operations or abandon expansion opportunities. Moreover, even if we are able to continue our operations, our failure to obtain additional financing could reduce our competitiveness as our competitors may provide better-maintained networks or offer an expanded range of services.

**Our substantial indebtedness could have a material adverse effect on our financial health and prevent us from fulfilling our obligations.**

We have significant debt service obligations. As of December 31, 2006, we had outstanding indebtedness of approximately $311.6 million (including the current portion of $1.4 million). We are the borrower of all of this outstanding indebtedness.

Our substantial debt could have important consequences to investors. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, which will reduce the funds available for working capital, capital and development expenditures, acquisitions and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in the manufacture, production, distribution or marketing of our services, customer demand, competitive pressures, and the industries we serve;
- place us at a competitive disadvantage compared to our competitors that are less leveraged than us;
- increase our vulnerability to both general and industry-specific adverse economic conditions; and
- limit our ability to borrow additional funds.

We may incur substantial additional debt in the future. The addition of further debt to our current debt levels could intensify the leverage-related risks that we now face.

In addition, our debt contains financial and other restrictive covenants that may limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default, which if not cured or waived, could result in the acceleration of all our debts.

**Our stock price may be volatile.**

The trading price of our common stock could be subject to wide fluctuations in response to various factors, some of which are beyond our control, such as:

- actual or anticipated variations in quarterly results of operations;
- changes in intellectual property rights of us or our competitors;
- announcements of technological innovations;
- the introduction of new products or changes in product;
- pricing by us or our competitors;
- changes in financial estimates by securities analysts;
- announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;
- additions or departures of key personnel; and
- generally adverse market conditions.

**Regulations affecting our customers and us and future regulations to which they or we may become subject may harm our business.**

Although we do not offer voice-grade or data services that are deemed to be common carrier telecommunication services, certain of the services we offer are subject to regulation by the FCC that could have an indirect effect on our business. In addition, the U.S. telecommunications industry has been subject to continuing deregulation since 1984. We cannot predict when, or upon what terms and conditions, further regulation or deregulation might occur or the effect regulation or deregulation may have on our business. Several services that we offer may be indirectly affected by regulations imposed upon potential users of those services, which may increase our costs of operations. In addition, future services we may provide could be subject to direct regulation.

**We may not be able to receive or retain licenses or authorizations that may be required for us to sell our services internationally.**

The sales and marketing of our services internationally are subject to the U.S. Export Control regime. Services of a commercial nature are subject to regulatory control by the Department of Commerce's Bureau of Export Administration and to Export Administration regulations. In the future, Congress may require us to obtain export licenses or other export authorizations to export our services abroad, depending upon the nature of services being exported, as well as the country to which the export is to be made. We cannot assure you that any of our applications for export licenses or other authorizations will be granted or approved. Furthermore, the export license/export authorization process is often time-consuming. Violation of export control regulations could subject us to fines and other penalties, such as losing the ability to export for a period of years, which would limit our revenue growth opportunities and significantly hinder our attempts to expand our business internationally.

**Failure to protect our intellectual property rights adequately may have a material adverse affect on our results of operations or our ability to compete.**

We attempt to protect our intellectual property rights in the United States and in foreign countries through a combination of patent, trademark, copyright and trade secret laws, as well as licensing agreements and agreements preventing the unauthorized disclosure and use of our intellectual property. We cannot assure you that these protections will be adequate to prevent competitors from copying or reverse engineering our services, or independently developing and marketing services that are substantially equivalent to or superior to our own. Moreover, third parties may be able to successfully challenge, oppose, invalidate or circumvent our patents, trademarks, copyrights and trade secret rights. We may fail or be unable to obtain or maintain adequate protections for certain of our intellectual property in the United States or certain foreign countries or our intellectual property rights may not receive the same degree of protection in foreign countries as they would in the United States because of the differences in foreign trademark, patent and other laws concerning proprietary rights. Such failure or inability to obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our business, results of operations and financial condition.

Monitoring and protecting our intellectual property rights is difficult and costly. From time to time, we may be required to initiate litigation or other action to enforce our intellectual property rights or to establish their validity. Such action could result in substantial cost and diversion of resources and management attention and we cannot assure you that any such action will be successful.

**If third parties claim that we are in violation of their intellectual property rights, it could have a negative impact on our results of operations and ability to compete.**

We face the risk of claims that we have infringed the intellectual property rights of third parties. For example, significant litigation regarding patent rights exists in our industry. Our competitors in both the U.S. and foreign countries, many of which have substantially greater resources than we have and have made substantial investments in competing technologies, may have applied for or obtained, or may in the future apply for and obtain, patents that will prevent, limit or otherwise interfere with our ability to make and sell our products and services. We have not conducted an independent review of patents issued to third parties. The large number of patents, the rapid rate of new patent issuances, the complexities of the technology involved and uncertainty of litigation increase the risk of business assets and management's attention being diverted to patent litigation.

It is possible that third parties will make claims of infringement against us or against our licenses in connection with their use of our technology. Any claims, even those without merit, could:

- be expensive and time-consuming to defend;
- cause us to cease making, licensing, using or selling equipment, services or products that incorporate the challenged intellectual property;
- equire us to redesign our equipment, services or products, if feasible;
- divert management's attention and resources; and
- require us to enter into royalty or licensing agreements in order to obtain the right to use necessary intellectual property.

Any royalty or licensing agreements, if required, may not be available to us on acceptable terms or at all. A successful claim of infringement against us or one of our licensees in connection with a third party's use of our technology could result in our being required to pay significant damages, enter into costly license or royalty agreements or stop the sale of certain products, any of which could have a negative impact on our operating profits and harm our future prospects.

**If our products infringe on the intellectual property rights of others, we may be required to indemnify our customers for any damages they suffer.**

We generally indemnify our customers with respect to infringement by our products of the proprietary rights of third parties. Third parties may assert infringement claims against our customers. These claims may require us to initiate or defend protracted and costly litigation on behalf of our customers, regardless of the merits of these claims. If any of these claims succeed, we may be forced to pay damages on behalf of our customers or may be required to obtain licenses for the products they use. If we cannot obtain all necessary licenses on commercially reasonable terms, our customers may be forced to stop using our products.

**Our ability to use existing net operating losses to offset future taxable income may be subject to certain limitations.**

As of December 31, 2006, our consolidated group had net operating loss carryforwards, or NOLs, for U.S. federal income tax purposes of approximately $80.7 million. Our consolidated group succeeded to approximately $76.0 million of those NOLs pursuant to a state law merger with Brience, Inc., now known as Syniverse Brience, LLC. The merger was treated as a tax-free reorganization under the Internal Revenue Code of 1986, as amended (the "Code"). If the Internal Revenue Service were to successfully challenge the reorganization or otherwise to successfully disallow the use of such NOLs, the amount of our consolidated group's NOLs would be substantially reduced. All of our consolidated group's NOLs remain subject to examination and adjustment by the Internal Revenue Service.

We do not believe that any of our consolidated group's NOLs are currently subject to any limitation under Section 382 of the Code. However, the NOLs acquired from Brience are subject to the separate return limitation rules under the consolidated return regulations. As a result, these NOLs generally can be utilized only to offset income from the consolidated group of corporations or their successors that generated such losses. In addition, under Section 382 of the Code, a corporation that undergoes an "ownership change" generally may utilize its pre-change NOLs only to the extent of an annual amount determined by multiplying the applicable long-term tax exempt rate by the equity value of such corporation. A corporation generally undergoes an ownership change if the percentage of stock of the corporation owned by one or more 5% stockholders has increased by more than 50 percentage points over a three-year period. Based on our analysis, management does not believe that we have experienced an ownership change within the meaning of Section 382 of the Code for the three year period ending December 31, 2006.

It is impossible for us to ensure that an ownership change will not occur in the future as changes in Syniverse Holdings Inc.'s stock ownership, some of which are outside of our control, could result in an ownership change under Section 382 of the Code. For example, the sale by one or more 5% stockholders of Syniverse Holdings, Inc.'s common stock and changes in the beneficial ownership of such stock could result in an ownership change under Section 382 of the Code. Similarly, the exercise of outstanding employee stock options would count for purposes of determining whether Syniverse Holdings, Inc., or the corporate successor to Brience had an ownership change.

If Syniverse Holdings, Inc. or the corporate successor to Brience undergoes an ownership change, our consolidated group's ability to utilize NOLs could be limited by Section 382 of the Code. The extent to which our use of our consolidated group's NOLs would be limited depends on a number of legal and factual determinations, some of which may be subject to varying interpretations, including the date on which an ownership change occurs, the long-term tax exempt rate, whether the equity value of the entire company or only one or more of its subsidiaries would be used in the application of the Section 382 limitation and the equity value of the company or such subsidiaries, as applicable.

**Our historical financial information may have limited relevance.**

The historical financial information for periods ending prior to February 14, 2002 may not reflect what our results of operations, financial position and cash flows would have been had we been a separate, stand-alone entity during the periods presented or what our results of operations, financial position and cash flows will be in the future. This is because:

- we have made certain adjustments and allocations in our financial statements because Verizon did not account for us as, and we were not operated as, a single stand-alone business, for any of the periods presented; and

- the information does not reflect many significant changes that have occurred as a result of our separation from Verizon.

In addition, our results include historical financial results for certain periods of Brience, Inc., which we acquired on July 23, 2003. The transaction has been accounted for as a combination of entities under common control, similar to a pooling of interests, from February 14, 2002, the date when funds associated with GTCR had common control of both entities. Prior to the acquisition, Brience had significant losses, which have been pooled into our results and may not be relevant due to the differences between Brience's management team and business strategy and ours.

### ITEM 1B. UNRESOLVED STAFF COMMENTS

None

### ITEM 2. PROPERTIES

In December 2005, we began the process of transitioning our headquarters and administration offices from 188,882 square feet of leased office space in Tampa, Florida to a 199,000 square foot corporate headquarters facility located in Tampa, Florida and completed the transition in April 2006. The lease term for the new headquarters facility is eleven years and commenced on November 1, 2005, but with lease payments not beginning until one year following the commencement date. At our option, we have the right to renew the lease for two additional periods of five years each. Our lease for the premises we vacated expired on October 31, 2006.

In connection with this lease, we incurred incremental operating expenses related solely to this move of $9.0 million and capital costs related solely to the facility build-out of approximately $14.0 million. We incurred these moving-related costs and expenses, which include duplicative lease expense during the transition period and facility build-out costs, during 2005 and 2006. During December 31, 2006, we had incurred and capitalized approximately $3.8 million of costs and had expensed approximately $5.3 million.

We also lease 14,834 square feet in Oklahoma City, Oklahoma for administrative offices and customer operations. The lease was terminated effective March 2007. In addition, we lease several offices for our Asia Pacific operations including 8,812 square feet in Hong Kong, 4,384 square feet in Singapore and 3,882 in Malaysia. We lease 3,325 square feet in London, England for technology development and several other small immaterial facilities for office space and network equipment storage.

We consider our properties to be in good condition generally and believe that our facilities are adequate to meet our anticipated requirements.

### ITEM 3. LEGAL PROCEEDINGS

We are currently a party to various claims and legal actions that arise in the ordinary course of business. We believe such claims and legal actions, individually and in the aggregate, will not have a material adverse effect on our business, financial condition or results of operations. As of December 31, 2006, we have considered all of the claims and disputes of which we are aware and have provided for probable losses as part of the allowance for doubtful accounts, allowance for credit memos or accrued liabilities.

The most significant of these claims, in terms of dollars sought, are described below:

SBC Communications, Inc., d/b/a SBC Ameritech, SBC Southwestern Bell and SBC Pacific Bell (collectively, SBC), have asserted claims against us in the total principal sum of $7.3 million, based on alleged overcharging for services we provided. We deny the claims, believe they are unfounded and on April 15, 2003 filed a complaint in Hillsborough County, Florida against SBC Southwestern Bell and SBC Pacific Bell seeking a Declaratory Judgment denying their claims and seeking $1.4 million, which they have refused to pay.

On June 28, 2004, SBC Ameritech filed a Demand for Arbitration in Chicago seeking $2.1 million of the $7.3 million it claims it was over-billed by Syniverse. On July 19, 2004 we filed a motion to dismiss/abate the Demand based on SBC Ameritech's failure to engage in mediation prior to arbitration, as required by the contract under which it alleges it was over-billed. The motion was denied on December 14, 2004. On May 4, 2006, an Arbitrator issued a written decision denying SBC Ameritech's $2.1 million claim and ordering it to pay us $0.1 million. On August 23, 2006, all claims between SBC and Syniverse relating to this matter were settled resulting in a $1.4 million charge to our statements of operations during the third quarter of 2006.

On April 21, 2005, we filed a complaint against BellSouth Telecommunications, Inc. in the Federal District Court in Tampa, Florida seeking judgment for unpaid charges of approximately $3.3 million related to calling name database services provided during March 2004 to July 2004 for which BellSouth has refused payment. On December 18, 2006, all claims between Syniverse and BellSouth were settled resulting in a full and final resolution of this matter.

On August 9, 2005, we filed a complaint seeking injunctive relief and damages in Hillsborough County, Florida against Electronic Data Systems Corporation ("EDS") and EDS Information Services LLC alleging a breach of contract, tortious interference with prospective business relations and unfair competition. This complaint was based on our discovery in the second quarter of 2005 that EDS was offering to provide clearing services to one of our customers when the customer's contract with Syniverse expires in 2006. We believe this offer to provide clearing services to that customer constitutes a breach of certain non-compete obligations of EDS contained in the asset purchase agreement between EDS and us.

On August 11, 2005, the Circuit Court of the 13th Judicial Circuit for the State of Florida granted our motion for a temporary injunction and enjoined the EDS defendants from selling the assets of their European subsidiaries unless the prospective purchaser assumed the non-compete obligations of EDS. The injunction is conditioned upon Syniverse providing a $1.0 million surety bond, which we have now paid. We intend to continue to pursue this matter vigorously.

On April 13, 2006, we were served with a Petition for Declaratory Judgment filed by Billing Concepts, Inc. d/b/a BSG Clearing Solutions ("BCI") in Texas State Court asking the court to find, in pertinent part, that BCI's offering of services competitive to Syniverse in the United States and North America is not subject to the restrictions imposed on BSG-Germany. Syniverse contests the petition and filed an appropriate response in accordance with local court rules.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security holders during the fourth quarter of calendar year 2006.

## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

**Syniverse Holdings, Inc.**

Our common stock is listed on the New York Stock Exchange under the symbol "SVR." Public trading of our common stock commenced on February 10, 2005. Prior to that date, there was no public trading market for our common stock.

Our Chief Executive Officer, Tony G. Holcombe, certifies that the previous year's Annual Written Affirmation certification was submitted to the NYSE without qualifications.

The following table sets forth the high and low sales closing prices per share for our common stock as reported on the New York Stock Exchange for the years ended December 31, 2006 and 2005:

| 2006 | High | Low |
|---|---|---|
| First quarter | $24.01 | $13.90 |
| Second quarter | $17.99 | $14.11 |
| Third quarter | $16.75 | $12.28 |
| Fourth quarter | $15.68 | $13.11 |
| **2005** | | |
| First quarter (February 15—March 31) | $16.00 | $13.80 |
| Second quarter | $14.45 | $10.82 |
| Third quarter | $16.52 | $13.00 |
| Fourth quarter | $21.25 | $14.99 |

On March 7, 2007, the last reported sale price of our common stock on The New York Stock Exchange was $10.40 per share. As of March 2, 2007 there were approximately 4,553 holders of record of our common stock.

We have not paid any dividends on our common stock during the past fiscal year and do not intend to pay dividends on our common stock in the foreseeable future. In addition, our indenture and new senior credit facility include restrictions on our ability to pay cash dividends on our common stock.

In connection with our initial public offering, Syniverse Holdings, LLC was dissolved following the distribution to its members of the outstanding class A cumulative redeemable preferred stock and common stock of Syniverse Holdings, Inc. Concurrent with our initial public offering, we amended and restated the senior management agreements of Messrs. Lawless, Wilcock, O'Brien, Nelson, Garcia, Mosher, Bergen, Henegouwen, and Corrao in addition to other senior management agreements of senior officers who have since resigned, including Ms. Hermansen, and Messrs. Evans, Kremian and Drexler, pursuant to which they acquired as part of the pro rata distribution of the outstanding capital stock of Syniverse Holdings, Inc. to the members of Syniverse Holdings, LLC an aggregate of 1,938.5 shares of class A cumulative redeemable convertible preferred stock and 5,221,972 shares of common stock. See "Certain Relationships and Related Transactions—Senior Management Agreements" incorporated by reference to our proxy statement.

See Item 12 "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," incorporated by reference to our proxy statement, for information regarding shares of common stock authorized for issuance under our equity compensation plans.

**Syniverse Technologies, Inc.**

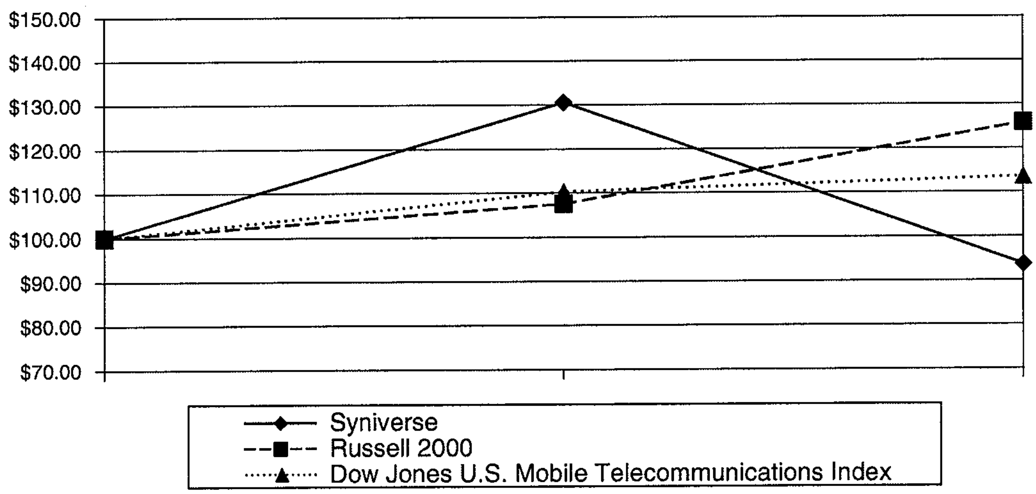
There is currently no established public trading market for the common stock, no par value, of Syniverse Technologies, Inc., a company which is wholly owned by Syniverse Holdings, Inc.

Syniverse Technologies, Inc. has not paid any dividends on its common stock during the past fiscal year and does not intend to pay dividends on its common stock in the foreseeable future. In addition, our indenture and new senior credit facility include restrictions on its ability to pay cash dividends on its common stock.

Syniverse Technologies, Inc. does not have any shares of common stock authorized for issuance under any equity compensation plans.

## SHAREHOLDER RETURN PERFORMANCE PRESENTATION

The following stock performance graph and accompanying table compare the shareholders' cumulative return on the common stock from February 10, 2005 to December 31, 2006 with the cumulative total return of the Russell 2000 Index and the Dow Jones U.S. Mobile Telecommunications Index over the same period. The comparative data assumes that $100.00 was invested on the date of our initial public offering, February 10, 2005, in the common stock and in each of the indices referred to above and that any dividends were reinvested. The stock price performance shown in the table set forth below is not necessarily indicative of future stock price performance.




| | February 10, 2005 | December 30, 2005 | December 31, 2006 |
|---|---|---|---|
| Syniverse | 100.00 | 130.63 | 93.69 |
| Russell 2000 | 100.00 | 107.59 | 125.88 |
| Dow Jones U.S. Mobile Telecommunications Index | 100.00 | 110.32 | 113.59 |

## ITEM 6. SELECTED HISTORICAL FINANCIAL DATA

The following table sets forth certain of our historical financial data for the most recent five years. We have derived the selected historical consolidated financial data as of December 31, 2005 and 2006 and for the years ended December 31, 2004, 2005 and 2006 from our audited financial statements and the related notes included elsewhere herein. The selected historical consolidated financial data as of December 31, 2002, 2003 and 2004 and for the period from January 1, 2002 to February 13, 2002 and the period from February 14, 2002 to December 31, 2002 and for the year ended December 31, 2003 have been derived from our audited consolidated financial statements, which are not included in this filing. The selected historical financial data as of February 13, 2002 was derived from an unaudited balance sheet as of that date not included in this filing. The selected historical financial data set forth below is not necessarily indicative of the results of our future operations and should be read in conjunction with the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the historical consolidated financial statements and accompanying notes included elsewhere herein.

As a result of applying the required purchase accounting rules to our acquisition from Verizon on February 14, 2002, our financial statements were significantly affected. The application of purchase accounting rules result in different accounting bases and hence the financial information for the periods beginning on February 14, 2002 are not comparable to the information prior to this date.

The term "successor" refers to Syniverse Holdings, Inc. following our acquisition from Verizon on February 14, 2002. The historical financial results of Brience from February 14, 2002, which is the date that GTCR Fund VII, L.P. and its affiliates possessed common control of us and Brience, through July 23, 2003, which is the date that we merged with Brience, are included in the financial results of the successor because this acquisition is accounted for as a combination of entities under common control, similar to a pooling of interests. The portion of historical results attributed to the common stock ownership of Syniverse Networks, Inc., which Syniverse Holdings, LLC owned between February 14, 2002 and January 17, 2005 when Syniverse Holdings, LLC contributed these shares of Syniverse Networks, Inc. to Syniverse Holdings, Inc., have been included in the financial results of the successor because this acquisition is also accounted for as a combination of entities under common control, similar to a pooling of interests.

The term "predecessor" refers to Syniverse Technologies, Inc. prior to being acquired by Syniverse Holdings, Inc. on February 14, 2002.

| | Predecessor | Successor | | | | |
|---|---|---|---|---|---|---|
| | Period from January 1 to February 13, 2002 | Period from February 14 to December 31, 2002 | Year Ended December 31, 2003 | 2004 | 2005 | 2006 |
| | | | (dollars in thousands) | | | |
| **Statement of Operations Data:** | | | | | | |
| Revenues | | | | | | |
| Technology Interoperability | $ 8,464 | $ 70,215 | $ 66,536 | $ 81,077 | $108,429 | $138,655 |
| Network Services | 14,103 | 99,647 | 111,845 | 130,408 | 132,120 | 124,832 |
| Number Portability Services | — | 860 | 5,469 | 48,478 | 50,836 | 28,766 |
| Call Processing Services | 6,429 | 46,336 | 42,764 | 34,569 | 28,619 | 29,315 |
| Enterprise Solution Services | 2,412 | 17,869 | 15,265 | 14,122 | 11,026 | 7,289 |
| Revenues Excluding Off-Network Database Query Fees | 31,408 | 234,927 | 241,879 | 308,654 | 331,030 | 328,857 |
| Off-Network Database Query Fees | 8,588 | 61,117 | 29,529 | 23,749 | 10,761 | 8,162 |
| Total Revenues | 39,996 | 296,044 | 271,408 | 332,403 | 341,791 | 337,019 |
| Costs and expenses: | | | | | | |
| Cost of operations | 20,655 | 130,364 | 109,744 | 138,484 | 129,190 | 134,641 |
| Sales and marketing | 2,614 | 22,706 | 18,631 | 20,244 | 23,344 | 25,446 |
| General and administrative | 4,341 | 41,937 | 40,347 | 41,774 | 49,396 | 58,508 |
| Depreciation and amortization (1) | 1,464 | 33,285 | 37,319 | 41,972 | 46,815 | 41,172 |
| Restructuring (2) | — | 2,845 | 2,164 | 289 | 143 | 1,006 |
| Impairment losses on intangible assets (3) | — | — | 53,712 | 14,056 | — | — |
| | 29,074 | 231,137 | 261,917 | 256,819 | 248,888 | 260,773 |
| Operating income | 10,922 | 64,907 | 9,491 | 75,584 | 92,903 | 76,246 |
| Other income (expense), net: | | | | | | |
| Interest income | 432 | 965 | 768 | 1,148 | 1,957 | 1,824 |
| Interest expense | — | (54,105) | (58,128) | (52,928) | (34,647) | (27,328) |
| Loss on extinguishment of debt | — | — | — | — | (42,804) | (924) |
| Other income (expense), net | (19) | (275) | — | (12) | 1,436 | 332 |
| | 413 | (53,415) | (57,360) | (51,792) | (74,058) | (26,096) |
| Income (loss) from continuing operations before provision for income taxes | 11,335 | 11,492 | (47,869) | 23,792 | 18,845 | 50,150 |
| Provision for (benefit from) income taxes | 4,418 | 9,320 | 10,057 | 8,729 | 9,041 | (39,574) |
| Income (loss) from continuing operations | 6,917 | 2,172 | (57,926) | 15,063 | 9,804 | 89,724 |
| Discontinued operations: | | | | | | |
| Loss from discontinued operations | — | (1,541) | — | — | — | — |
| Net income (loss) | 6,917 | 631 | (57,926) | 15,063 | 9,804 | 89,724 |
| Preferred stock dividends | — | (33,340) | (30,230) | (31,564) | (4,195) | — |
| Net income (loss) attributable to common stockholders | $ 6,917 | $ (32,709) | $ (88,156) | $ (16,501) | $ 5,609 | $ 89,724 |
| Net income (loss) per common share: | | | | | | |
| Basic | $ — | $ (0.82) | $ (2.21) | $ (0.41) | $ 0.09 | $ 1.34 |
| Diluted | $ — | $ (0.82) | $ (2.21) | $ (0.41) | $ 0.09 | $ 1.33 |
| Weighted average common shares outstanding: | | | | | | |
| Basic | — | 39,838 | 39,838 | 39,838 | 61,973 | 66,943 |
| Diluted | — | 39,838 | 39,838 | 39,838 | 62,978 | 67,298 |
| **Other Financial Data:** | | | | | | |
| EBITDA (4) | $ 12,367 | $ 96,376 | $ 46,810 | $ 117,544 | $ 98,350 | $116,826 |
| Net cash provided by (used in): | | | | | | |
| Operating activities | 1,185 | 59,756 | 48,422 | 85,696 | 110,577 | 97,811 |
| Investing activities | 34,781 | (12,278) | (18,883) | (78,663) | (32,555) | (63,683) |
| Financing activities | (11,250) | (44,187) | (63,430) | 2,697 | (46,603) | (57,052) |
| Capital expenditures | (606) | (12,278) | (18,280) | (22,184) | (34,001) | (19,921) |
| **Balance Sheet Data (at end of period):** | | | | | | |
| Cash and cash equivalents | $ 25,000 | $ 42,190 | $ 8,299 | $ 17,919 | $ 49,294 | $ 26,704 |
| Property and equipment, net | 23,306 | 33,728 | 33,548 | 35,703 | 43,426 | 42,880 |
| Total assets | 159,457 | 833,068 | 730,271 | 777,193 | 771,358 | 784,147 |
| Total debt, net of discount, and redeemable preferred stock | — | 856,973 | 753,425 | 793,062 | 367,794 | 311,561 |
| Total stockholder's equity (deficit) | 133,510 | (81,453) | (90,317) | (106,860) | 322,639 | 414,794 |

(1) Depreciation and amortization amounts exclude accretion of debt discount and amortization of deferred finance costs, which are both included in interest expense in the statement of operations data. Depreciation and amortization amounts after February 14, 2002 are not

comparable to the periods prior to that date because the successor company's assets were revalued as a result of the purchase accounting treatment of the acquisition.

(2) Restructuring expense is comprised of severance benefits associated with our cost rationalization initiatives, which were implemented in August 2002, February 2003, July 2003, April 2004, September 2005, February 2006 and August 2006. Our restructuring in July 2003 was related to the acquisitions of Brience. This excludes amounts related to acquisitions where restructuring costs were accrued as a part of purchase accounting. Our restructurings in April 2004 and September 2005 were related to our acquisition of Syniverse Holdings Limited (formerly Softwright Holdings, Ltd). Our restructuring in February 2006 was related to a restructuring plan in our marketing group and our restructuring in August 2006 was related to a restructuring plan affecting our operations and marketing groups.

(3) Impairment losses on intangible assets in 2003 relate primarily to the trademark value associated with our previous corporate name of \$51.0 million and to certain capitalized software costs of \$2.7 million which will no longer be recoverable due to our phase-outs of other service offerings. In 2004, \$9.0 million of these losses relate to capitalized software costs associated with our phase out of certain service offerings and reduced valuation of certain call processing services and \$5.1 million relates to customer base intangible assets resulting from a technology interoperability customer notifying us that it does not intend to renew its contract for these services.

(4) EBITDA is determined by adding net interest expense, income taxes, depreciation and amortization to net income (loss). We present EBITDA because we believe that EBITDA provides useful information regarding our operating results. We rely on EBITDA as a primary measure to review and assess the operating performance of our company and our management team in connection with our executive compensation and bonus plans. We also use EBITDA to compare our current operating results with corresponding periods and with the operating results of other companies in our industry. We believe that it is useful to investors to provide disclosures of our operating results on the same basis as that used by our management. We also believe that it can assist investors in comparing our performance to that of other companies on a consistent basis without regard to depreciation, amortization, interest or taxes, which do not directly affect our operating performance. In addition, we also utilize EBITDA as a measure of our liquidity and our ability to meet our debt service obligations and satisfy our debt covenants, which are partially based on EBITDA.

EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for net income, cash flows from operating activities and other consolidated income or cash flows statement data prepared in accordance with accounting principles generally accepted in the United States. Some of these limitations are:

- EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements;
- EBITDA does not reflect income taxes or the cash requirements for any tax payments; and
- Other companies in our industry may calculate EBITDA differently than we do, thereby limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered a measure of discretionary cash available to us to invest in the growth of our business or as a measure of performance in compliance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA only supplementally. See our consolidated statements of operations and our consolidated statements of cash flows included in our financial statements included elsewhere in this annual report.

The following table reconciles net income (loss) to EBITDA for the periods presented. We have also provided supplemental information regarding items associated with our restructuring expense and intangible asset impairments.

| | Predecessor | Successor | | | | |
|---|---|---|---|---|---|---|
| | Period from January 1 to February 13, 2002 | Period from February 14 to December 31, 2002 | Year Ended December 31, 2003 | 2004 | 2005 | 2006 |
| | (dollars in thousands) | | | | | |
| **Reconciliation of EBITDA to Net Income (Loss):** | | | | | | |
| Net income (loss) as reported | \$ 6,917 | \$ 631 | \$(57,926) | \$ 15,063 | \$ 9,804 | \$ 89,724 |
| Interest expense, net | (432) | 53,140 | 57,360 | 51,780 | 32,690 | 25,504 |
| Depreciation and amortization | 1,464 | 33,285 | 37,319 | 41,972 | 46,815 | 41,172 |
| Provision for (benefit from) income taxes | 4,418 | 9,320 | 10,057 | 8,729 | 9,041 | (39,574) |
| EBITDA | \$12,367 | \$96,376 | \$ 46,810 | \$117,544 | \$ 98,350 | \$116,826 |
| **Supplemental information:** | | | | | | |
| Restructuring expense (i) | \$ — | \$ 2,845 | \$ 2,164 | \$ 289 | \$ 143 | \$ 1,006 |
| Impairment losses on intangible assets (ii) | — | — | 53,712 | 14,056 | — | — |
| Loss on extinguishment of debt (iii) | — | — | — | — | (42,804) | (924) |
| Facility move (iv) | — | — | — | — | 2,671 | 5,298 |
| Loss on disposal of assets (v) | — | — | — | — | 612 | — |

(i) Restructuring expense is comprised primarily of severance benefits associated with our cost rationalization initiatives, which were implemented in August 2002, February 2003, July 2003, April 2004, September 2005, February 2006 and August 2006. The restructurings occurring between February 2003 and September 2005 were related to two acquisitions. This excludes amounts related to acquisitions where restructuring costs were accrued as a part of purchase accounting. The restructurings for 2006 were related to internal reorganizations.

(ii) Impairment losses on intangible assets in 2003 relate primarily to the trademark value associated with our previous corporate name of $51.0 million and to certain capitalized software costs of $2.7 million, which will no longer be recoverable due to our phase-outs of certain service offerings. In 2004, $9.0 million of these losses relate to capitalized software costs associated with our phase out of other service offerings and reduced valuation of certain call processing services and $5.1 million relates to customer base intangible assets resulting from a technology interoperability customer recently notifying us that it does not intend to renew its contract for these services.

(iii) Loss on extinguishment of debt relates to the early extinguishment of debt related to our previous senior credit facility, repaid in February 2005 and the February 2005 and August 2005 tender for our 12 3/4% senior subordinated notes due 2009. In February 2005, we recognized a loss of $23.8 million on the early extinguishment of debt related to our previous senior credit facility and the tender of 35% of our 12 3/4% senior subordinated notes. The loss includes a non-cash write-off of $6.0 million of unamortized deferred financing costs and $5.4 million of unamortized debt discount relating to the previous senior credit facility and the tendered portion of the 12¾% senior subordinated notes, as well as a $12.4 million cash charge related to the prepayment premium on the tendered portion of the senior subordinated notes. In August 2005, we recognized $19.0 million on the early extinguishment of debt related to the tender of $144.8 million of our 12 3/4% senior subordinated notes. The loss includes a non-cash write-off of $2.6 million of unamortized deferred financing costs and $1.6 million of unamortized debt discount, as well as a $14.3 million cash charge related to the prepayment premium and $0.5 million of other costs. In February 2006, we redeemed all outstanding 12 3/4% senior subordinated notes due 2009 resulting in a prepayment premium of $0.9 million.

(iv) Facilities move expenses consist of expenses incurred related to our headquarters relocation, which commenced in the fourth quarter of 2005.

(v) Loss on disposal of assets relates to the retirement of computer equipment related to our call processing services.

The following table reconciles cash flows from operations to EBITDA for the periods presented.

| | Predecessor | Successor | | | | |
|---|---|---|---|---|---|---|
| | Period from January 1 to February 13, 2002 | Period from February 14 to December 31, 2002 | Year Ended December 31, 2003 | 2004 | 2005 | 2006 |
| | | (dollars in thousands) | | | | |
| **Reconciliation of Cash Flows from Operations to EBITDA:** | | | | | | |
| Net cash provided by operating activities | $ 1,185 | $59,756 | $ 48,422 | $ 85,696 | $110,577 | $ 97,811 |
| Net interest paid (collected) | 315 | 30,187 | 46,152 | 44,296 | 40,695 | 26,455 |
| Pension and other employee retirement benefits | (546) | — | — | — | — | — |
| Impairment losses on intangible assets | — | — | (53,712) | (14,056) | — | — |
| Gain on sale of marketable securities | — | — | — | — | 1,446 | 119 |
| Loss on extinguishment of debt | — | — | — | — | (42,804) | (924) |
| Other working capital changes | 12,753 | 15,496 | 19,522 | 8,615 | (7,796) | (2,981) |
| Changes in other non-cash items | (1,340) | (9,456) | (11,489) | (9,054) | (4,774) | (4,116) |
| Other assets and liabilities | — | 393 | (2,085) | 2,047 | 1,006 | 462 |
| EBITDA | $12,367 | $96,376 | $ 46,810 | $117,544 | $ 98,350 | $116,826 |

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis in conjunction with the information set forth under "Selected Historical Financial Data" and our consolidated financial statements and the notes to those statements included elsewhere herein. The statements in this discussion regarding our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under "Risk Factors" and "Forward-Looking Statements." Our actual results may differ materially from those contained in or implied by any forward-looking statements.*

### Company History

Our business was founded in 1987 as GTE Telecommunication Services Inc., a unit of GTE. In early 2000, GTE combined our business with its Intelligent Network Services business to further broaden our network services offering. In June 2000, when GTE and Bell Atlantic merged to form Verizon Communications Inc., we became an indirect, wholly owned subsidiary of Verizon. In February 2002, we were acquired from Verizon by members of our senior management team and an investor group led by GTCR Golder Rauner, LLC (GTCR).

On February 9, 2005, Syniverse Holdings, LLC (Syniverse LLC) entered into an Amendment No. 1 to Limited Liability Company Agreement and Dissolution Agreement, dated as of February 9, 2005, with Syniverse Holdings, Inc. (Syniverse Inc.) and certain members of Syniverse LLC (the Dissolution Agreement). The Dissolution Agreement provided, among other things, for (i) the distribution of the capital stock of Syniverse Inc. to the members of Syniverse LLC, (ii) the termination of certain equity agreements among Syniverse LLC and its members and (iii) the subsequent dissolution of Syniverse LLC.

On February 9, 2005, we merged our subsidiaries, Syniverse Networks and Syniverse Finance, with and into Syniverse Technologies, Inc. (Syniverse).

On February 10, 2005, we completed an initial public offering of 17,620,000 shares of common stock at a price of $16.00 per common share. The net proceeds of the offering were $261.0 million after deducting underwriting discounts, commissions and expenses, and, along with the $240.0 million received from our new credit facility, were used primarily to redeem 124,876 shares of our class A cumulative redeemable preferred stock as described below, tender for 35% of our 12 3/4% senior subordinated notes and repay our previous senior credit facility.

On February 15, 2005, we redeemed 124,876 shares of our class A cumulative redeemable convertible preferred stock including accrued and unpaid dividends with $176.5 million of proceeds received from our initial public offering completed on February 10, 2005.

On March 28, 2005, we converted the remaining 115,604 shares of our class A cumulative redeemable convertible preferred stock including accrued and unpaid dividends at a liquidation value of $163.4 million into 10,209,598 shares of our class A common stock.

### Acquisitions

On September 30, 2004, we acquired the wireless clearinghouse business of IOS North America from EDS. We paid $53.7 million on the date of the acquisition and an additional $1.1 million in January 2005 resulting from the settlement of the final working capital adjustment pursuant to the purchase agreement. We financed the acquisition through increased borrowings under our previous senior credit facility and available cash. The primary services of IOS North America include wireless voice and data clearinghouse services. These post-acquisition revenues are reported in Technology Interoperability Services.